

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2102 - SB 1981**

March 27, 2011

**SUMMARY OF BILL:** Requires a preference allowance for fee-for-service contract bids by a Tennessee bidder if the cost of service is not 10 percent greater than the cost of other similar services of similar expected quality offered by a non-Tennessee bidder.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$4,871,800**

**Assumptions:**

- According to the Department of Finance and Administration (DOFA), the state expended \$974,356,827 on fee-for-service contracts in FY09-10.
- DOFA estimates that 20 percent of those contracts competed against out-of-state bidders. Therefore, the total expenditures in FY09-10 for contracts which out-of-state companies proposed competing bids were \$194,871,365 ( $\$974,356,827 \times 20\%$ ).
- DOFA estimates that 25 percent of those contracts expenditures were awarded to out-of-state companies. Therefore, the total expenditures for contracts with out-of-state companies were \$48,717,841 ( $\$194,871,365 \times 25\%$ ).
- As a result, the recurring increase in state expenditures is estimated to be \$4,871,784 ( $\$48,717,841 \times 10\%$  preference).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

/sbh

**HB 2102 - SB 1981**